

**Brief to CON 301
on
DoD's Past Performance
Policy**

***DUSD - Acquisition Reform
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Use of Contractor Past Performance Information by the Government (A Time Tested Idea)

- 1961** President Kennedy appointed the Bell Committee, a “Blue Ribbon” committee that recommended *an exchange of information between agencies regarding contractor evaluations*
- 1962** President directed an elaborate Contractor Performance Evaluation (CPE) system be devised
- 1970** President’s Blue Ribbon Defense Panel cancelled CPE as costly and ineffective
- 1978** Air Force initiates a field test at four product divisions to test effectiveness of evaluating past performance
- 1981** Use of past performance without reliance on a formal system in source selections was one of the 32 Carlucci Initiatives
- 1984** Air Force test discontinued based on consensus that PPI collection must be efficient and include data from buying commands as well as administration officials
- 1984** The Competition in Contracting Act was passed advocating the use of past performance
- 1986** President Reagan’s Packard commission recommended that *law and regulation should include increased use of commercial style competition emphasizing quality and established performance as well as price*

Use of Contractor Past Performance Information by the Government (cont'd)

- 1987** Air Force conducts Project STAR study that concluded use of PPI was ineffective because it was inconsistent and thus unreliable
- 1988** Air Force initiated the Contractor Performance Assessment Reporting System (CPARS) as a command wide performance data base.
- 1989** Secretary of Defense, Dick Cheney, chartered a joint OSD-DoD task force to expand the CPAR concept DOD-wide that concluded a *mandatory DoD-wide system was not feasible*
- 1993** The Office of Federal Procurement Policy (OFPP) issued Policy Letter 92-5 requiring the executive agencies to collect and use past performance information
- 1994** The Federal Acquisition Streamlining Act (FASA) signed into law
- 1995** FAR coverage and the OFPP Draft Best Practices Guide on Past Performance published
- 1995** USD(A&T) approved a study contract that recommended collection of PPI by business sector
- 1995** DFAR coverage was drafted
- 1996** Air Force and Navy Aeronautical sector develops a joint CPARS format
- 1996** DFAR case was withdrawn due to lack of consensus on methodology among the components
- 1997** USD(A&T) issues new policy on collection of PPI and the FAR 15 rewrite team generates new guidance for the use of PPI

Evolutionary Issues

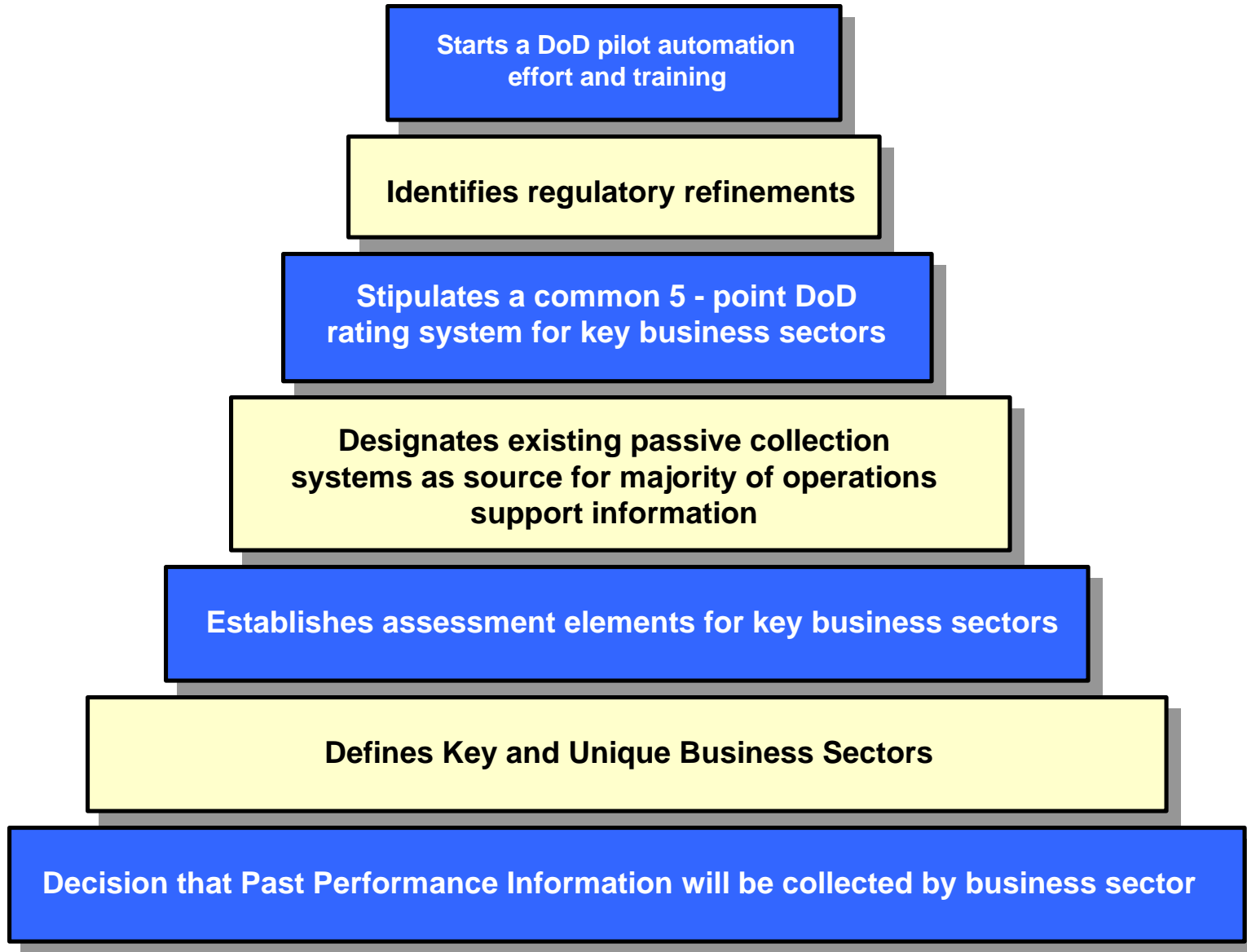
- ◆ PPI must be current and relevant
 - *Contractors should always be allowed to provide PPI in their proposal*
- ◆ PPI should be unbiased
 - *Personal opinions are not appropriate*
- ◆ Solicitations should clearly state how and what they intend to use in the source selections criteria
 - *Evaluation weight and type of information*
- ◆ Collection methodologies must be consistent
- ◆ Contractors must have an opportunity to rebut negative or adverse information obtained from any source (e.g., report cards, surveys, phone calls)
- ◆ Contractors must not be disadvantaged for the lack of PPI

DoD Objectives for Collection and Use of Past Performance Information

Provides:

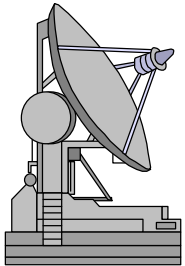
- ◆ **DoD the opportunity to discriminate during source selection among offerors based on prior performance**
- ◆ **Contractors an additional incentive to perform on existing contracts**
- ◆ **A tool for communication and feedback to both government and industry**

DoD's Past Performance Policy



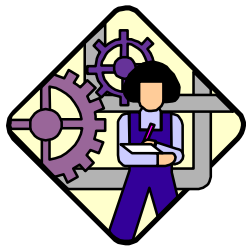
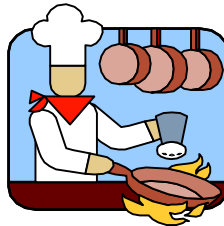
DoD's Business Sectors

Key Business Sectors



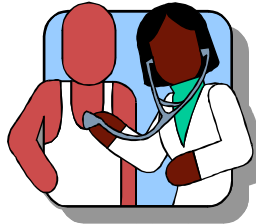
Systems

Services/Information
Technology



Operations Support

Unique Business Sectors



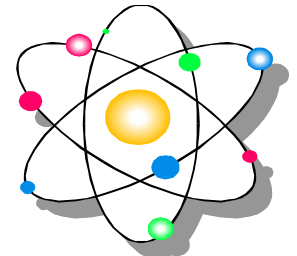
Health Care

Fuels

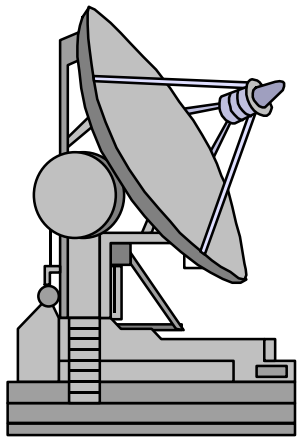


Construction,
Architectural &
Engineering
Services

Science & Technology

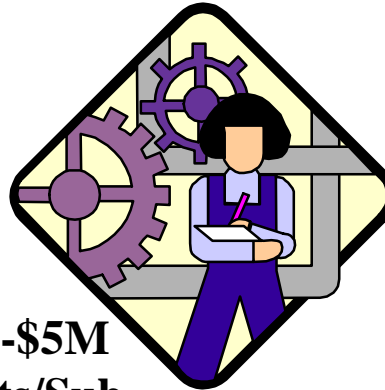


COLLECTION OF PPI FOR KEY BUSINESS SECTORS



SYSTEMS

- Collection threshold-\$5M
- 13 Evaluation Elements/Sub-Elements (Tailoring as Appropriate)
- Information Sorted by 7 Sectors



OPERATIONS SUPPORT

- Report Card threshold - \$5M
- Use Passive Collection Systems for All Other Dollar Values
- Information Will be Sorted Using FSC Codes



SERVICES (including Information Technology)

- Collection threshold \$1M
- Information Sorted Using 23 Service FSC Codes
- 5 Standard Elements

Assessment Elements and Ratings

Assessment Elements for the Systems Sector

Technical (Quality of Product)

- Product Performance
- Systems Engineering
- Software Engineering
- Logistic Support/Sustainment
- Product Assurance
- Other Technical Performance

Schedule

Cost Control

Management

- Management Responsiveness
- Subcontract Management
- Program Management and Other Management

Assessment Elements for the Services, Information Technology and Operations Support

Quality of Product or Service

Schedule

Cost Control

Business Relations

Management of Key Personnel

Common DoD Assessment Rating System

Exceptional

Very Good

Satisfactory

Marginal

Unsatisfactory

Past Performance Information (PPI)

Regulatory Basics for Collection of PPI

- ◆ **All PPI assessments must be sent to the contractor for a minimum of 30 days for comments**
- ◆ **Agencies must provide for an independent review at a level above the assessing official to consider disagreements**
- ◆ **Final PPI assessments must be provided to the contractor**
- ◆ **Input on PPI should come from the technical, programmatic and contracts team**
- ◆ **Annual and final PPI assessments are required**
- ◆ **PPI is treated as source selection sensitive information**
- ◆ **PPI is retained for 3 years after contract completion**

Automation Vision

- ◆ Capitalize on Use of Legacy Systems
- ◆ Develop A Central Retrieval Capability
- ◆ Allow for Distributed Collection Sites
- ◆ Ensure Compatibility with Standard Procurement and Central Contractor Registration Systems
- ◆ Refine Existing Passive Collections Systems before Implementing Department-wide

Automation is Key to Efficient Collection and Use of Past Performance Information across DoD

Past Performance

FAR 15 Highlights

- ◆ Re-establishes the current collection and use thresholds.
- ◆ Relevant information can include key personnel who have relevant experience, information regarding predecessor companies, and subcontractors.
- ◆ Clarifications, communications and discussions now include relevance of an offeror's past performance information and adverse past performance information the offeror has not previously had an opportunity to comment on.
- ◆ Neutral Ratings - language changed to reflect statute
“When an offeror has no record of relevant past performance or information is unavailable, the offeror may not be evaluated favorably or unfavorably on past performance.”

Future Targets of Opportunity (Past Performance Policy)

- ◆ Correlation between award fee and past performance assessments
- ◆ Combining all past performance collection and use policy in one source document
- ◆ Policy on PPI obtained external to proposals and regular report cards
 - Surveys (Rebuttals, Sharing/Recording of Information)
 - Passive data sources and methods
- ◆ Guidance on mergers and acquisitions and associated issues of relevancy
- ◆ Consideration of subcontractor PPI